



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

July 18, 2012

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To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "WTF", is written over the printed name of William T. Fujioka.

SACRAMENTO UPDATE

Executive Summary

This memorandum contains reports on the following:

- **Pursuit of County Position to Support AB 972 (Butler).** This measure would prohibit the approval of drilling oil and gas wells using hydraulic fracturing until State regulations are adopted. Support of AB 972 is consistent with previous Board actions to establish regulations, safeguards and controls over oil drilling and production within in the County and support of previous legislation related to the regulation of hydraulic fracturing (AB 591 of 2011). Therefore, **the Sacramento advocates will support AB 972.**
- **Status of County-Sponsored Legislation:**
 - **County-sponsored AB 1558 (Eng and Hernandez),** which would permanently extend conditional liability immunity to the County for injuries caused by the condition and use of specified flood control and groundwater discharge facilities and property was **signed by the Governor on July 13, 2012.**

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- **Status of County-Advocacy Measures:**

- **County-supported AB 298 (Brownley).** This measure was amended on June 18, 2012 to prohibit grocery and convenience stores from providing single-use carry out bags and create a statewide standard for reusable bag ordinances. Therefore, consistent with Board policy to support legislation which reduces the environmental impacts of single-use carryout bags and decreases the financial burden on local governments to address those impacts, **the Sacramento advocates will continue to support AB 298.**
- **County-supported AB 723 (Bradford).** This measure would extend the sunset date on the public goods charge to 2020 and ensure that electric ratepayer funds for energy efficiency, research development and demonstration, and renewable energy programs are expended consistent with and pursuant to legislative direction. **AB 723 failed to pass the Senate Energy, Utilities and Communications Committee on July 3, 2011, but was granted reconsideration.**
- **County-supported AB 1533 (Mitchell)** which would establish the University of California, Los Angeles (UCLA) International Medical Graduate Pilot Program to authorize graduates from foreign medical schools to receive clinical instruction and provide hands-on patient care at UCLA-operated health facilities in medically underserved areas of the County was **signed by the Governor on July 13, 2012.**

Pursuit of County Position on Legislation

AB 972 (Butler), which would have revised the definition of an alcoholism or drug abuse recovery or treatment facility to include a facility that provides a prescribed medical program exclusively to residents of the facility, was amended on June 13, 2012 to delete these provisions.

As amended, AB 972 would prohibit State regulators from approving the drilling of wells in which hydraulic fracturing is used, or proposed to be used, in the production of oil and gas until the State adopts regulations for hydraulic fracturing.

Under existing law, the Division of Oil, Gas, and Geothermal Resources (DOGGR) in the California Department of Conservation regulates the drilling, operation, maintenance, and abandonment of oil and gas wells in the State. However, the State

currently does not require oil companies to disclose hydraulic fracturing locations or what chemicals are used in the process. DOGGR is in the process of conducting public hearings across the State to solicit public comment on hydraulic fracturing and Governor Brown recently announced that his Administration will be developing regulations for hydraulic fracturing that would ensure the integrity of oil wells and establish reporting requirements if chemicals are used in the process.

The technique of hydraulic fracturing is used to increase or restore the rate at which fluids, such as oil and gas can be produced from an underground reservoir. Hydraulic fracturing employs the use of chemicals, gels, foams, other fluids, or compressed gases which are injected into rock which causes the formation to crack. The hydraulic fracturing technique has come under increased scrutiny due to concerns about environmental impacts, particularly with regard to potential groundwater contamination.

According to the Department of Public Works (DPW), AB 972 would prohibit DOGGR from approving the drilling of a well in which hydraulic fracturing, as defined, is used or is proposed to be used in the production of oil and gas until regulations governing hydraulic fracturing have been adopted. The oil production industry in Los Angeles County is anticipated to be active for years to come with projected expansion of its activities. Many of the active drilling operations and proposed new operations are in relative proximity to local groundwater resources that provide drinking water supply for millions of the County's residents.

The County has various Board-approved environmental policies in the State and Federal Legislative Agendas that are generally supportive of environmental protection from hazardous chemicals, but none specifically related to the use of hydraulic fracturing for oil and gas extraction. However, the Board has taken action to establish regulations, safeguards and controls over activities related to drilling for and production of oil in the unincorporated area of the Inglewood Oil Field.

In 2006, the Board adopted Interim Ordinance No. 2006-0050U to place temporary restriction on oil and gas drilling in the Inglewood Oil Field. This ordinance, which included a moratorium on oil drilling, was extended in 2007 and expired on June 26, 2008. On February 19, 2008, the Board adopted a motion authorizing the Director of Regional Planning to enter into an agreement with Plains Exploration and Production (PXP), the oil field operator at the Inglewood Oil Field, to provide for PXP to adhere to the provisions of the Interim Ordinance until a Community Standards District (CSD) took effect.

On October 21, 2008, the Board held a public hearing to consider the Baldwin Hills CSD and Final Environmental Impact Report (EIR). On October 28, 2008, after hearing

additional testimony, the Board of Supervisors voted to approve the CSD. The purpose of the CSD is to establish regulations, safeguards and controls over activities related to drilling for and production of oil in the unincorporated portion of the Inglewood Oil Field.

Subsequent to the approval of the Baldwin Hills CSD, several parties filed lawsuits in November 2008 challenging the adequacy of the EIR. In July 2011, a settlement was reached between the County, PXP, and the parties. One of the provisions of the settlement was that PXP would retain and pay for an independent consultant to study the feasibility and potential impacts of hydraulic fracturing operations PXP may conduct in the Inglewood Oil Field. Per the terms of the settlement agreement, this study must be submitted to a peer reviewer by July 15, 2012. After review, acceptance and validation of the substance of the study, the report will be submitted to the County, DOGGR, the settling parties, and the public. PXP estimates that the study will be released to the public by mid-August 2012. The results of the mandated study will further inform the County's efforts to determine what regulations of hydraulic fracturing at the Inglewood Oil Field may be appropriate.

Additionally, on May 24, 2011, the Board adopted a motion instructing the Sacramento advocates to support AB 591 (Wieckowski) which would require an applicant giving notice of intention to commence work to drill a well to disclosure of materials and chemicals to be used in the employment of hydraulic fracturing, and establish statutory and regulatory protections against potential groundwater contamination caused by the hydraulic fracturing process.

The Department of Public Works and this office support AB 972. Therefore, consistent with the Board adopted Interim Ordinance placing temporary restrictions on oil and gas drilling in the Inglewood Oil Field until further study and Board action of May 24, 2011 to support AB 591, **the Sacramento advocates will support AB 972 unless otherwise instructed by the Board.**

AB 972 is supported by Supervisor Mark Ridley-Thomas and Los Angeles City Councilmember Paul Koretz. The measure is opposed by the California Chamber of Commerce, the California Construction Trucking Association, the California Independent Oil Marketers Association, the California Manufacturers & Technology Association, the California Small Business Alliance, the Coalition of Energy Users, Friends for Saving California Jobs, the Independent Oil Producers Agency, the Kern County Taxpayers Association, and the Western States Petroleum Association.

In addition, on June 13, 2012, the Los Angeles City Council introduced a resolution (Koretz-Wesson-Parks) to urge Governor Brown, State regulators, and the County to impose a moratorium on hydraulic fracturing until the risks to public health, the water

supply and the environment have been determined. In that resolution, the City Council made reference to hydraulic fracturing activities occurring in the Inglewood Oil Field. The City Council's resolution is pending a hearing in its Rules, Elections and Intergovernmental Relations Committee.

AB 972 passed the Senate Environmental Quality Committee by a vote of 5 to 2 on July 3, 2012. This measure is scheduled for a hearing in the Senate Appropriations Committee on August 6, 2012.

Status of County-Sponsored Legislation

County-sponsored AB 1558 (Eng and Hernandez), which would permanently extend conditional liability immunity to the County for injuries caused by the condition and use of specified flood control and groundwater discharge facilities and property was signed by the Governor on July 13, 2012, and it is Chapter 110, Statutes of 2012. This measure becomes effective January 1, 2013.

Status of County-Advocacy Legislation

County-supported AB 298 (Brownley), which would have, as of January 1, 2014, prohibited stores that have a specified amount of dollar sales or retail floor space from providing a single-use carryout bag to a customer, was amended on June 18, 2012.

As amended, AB 298 would enact the Single-Use Carryout Bags Law under the California Integrated Waste Management Act of 1989 to prohibit grocery and convenience stores from providing single-use carryout bags to customers after 2014 and 2015 respectively. In lieu of single-use bags, stores would be required to make reusable bags and 40 percent postconsumer paper bags available for purchase by the customer. AB 298 is intended to provide an overarching statewide policy on single-use bags that will address the differences in the variety of single bag ordinances that have been adopted by 47 cities and counties across the State in recent years. As amended, AB 298 also would:

- Establish a fee to be determined by CalRecycle that is sufficient to cover all of CalRecycle's costs to enforce the act;
- Require CalRecycle to submit a one-time report to the Legislature regarding the effectiveness of the act and recommendations for statutory changes; and

- Allow a city, county, a city and county, or the State to impose civil liability in the amount of five hundred dollars for first violation of the act, one thousand dollars for the second violation and two thousand dollars for the third and subsequent violations.

According to the Department of Public Works, AB 298 would assist local governments in reducing the impact from single-use plastic carryout bags, which have been found to create a disproportionate negative impact on storm water and flood control infrastructure. DPW indicates that AB 298 emulates bans that are currently in place throughout the State, including that adopted by the Board for the unincorporated areas of Los Angeles County in 2010. Additionally, the bill would help alleviate unsightly litter throughout the region as well as the costs associated with the removal of it. DPW notes that AB 298 would also create a statewide standard for reusable bags similar to the standard established by the County.

The Department of Public Works indicates that AB 298 does not create additional costs for local governments, although it does require stores to charge customers the actual cost for paper bags they provide. According to DPW, similar to the County's ordinance, AB 298 does not direct how store owners and operators are to use the monies collected. It is expected this would have a minimal impact, if any, on the average household. When implementing the County's ordinance, DPW staff determined that nearly half of all paper bags provided to customers were provided free of charge for customers participating in low income assistance programs such as the California Special Supplemental Food Program for Women, Infants and Children and the Supplemental Food Program. Most customers were determined to use reusable bags at no additional cost.

The Department of Public Works estimates that AB 298 could save the County as much as \$1.0 million annually in litter cleanup and prevention efforts, since plastic bags make up as much as 25 percent of the litter stream and have a higher tendency to clog storm drains and other storm water management infrastructure. DPW also estimates that additional savings would be realized if the State were to take the lead for enforcement of the prohibition on single-use plastic bags, currently handled by DPW staff. These savings would ideally be shifted to provide enhanced services to the County's residents in the form of enhanced storm water and waste reduction program implementation, flood protection and public education.

The Department of Public Works and this office recommend that the County continue to support AB 298 as amended. Therefore, consistent with existing Board policy to support legislation which reduces the environmental impacts of single-use carryout bags and decreases the financial burden on local governments to address those impacts,

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including legislation which seeks to promote the use of reusable bags, reduce the use of plastic or paper carryout bags, and/or increase at-store recycling of carryout bags, **the Sacramento advocates will continue to support AB 298.**

AB 298 is supported by Heal the Bay (sponsor), Clean Water Action, and the Sierra Nevada Alliance. There is no opposition on file.

AB 298 passed the Senate Environmental Quality Committee by a vote of 5 to 2 on July 2, 2012. This bill is awaiting a hearing in the Senate Appropriations Committee.

County-supported AB 723 (Bradford), as amended on June 27, 2012, is an urgency measure which would extend the sunset date on the public goods charge to 2020 and ensure that electric ratepayer funds for energy efficiency, research development and demonstration, and renewable energy programs are expended consistent with and pursuant to legislative direction, failed to pass the Senate Energy, Utilities and Communications Committee by a vote of 6 to 2 on July 3, 2011. The measure was granted reconsideration.

County-supported AB 1533 (Mitchell), which as amended on March 21, 2012, would establish the five-year University of California, Los Angeles (UCLA) International Medical Graduate Pilot Program to authorize graduates from foreign medical schools to receive up to 24 weeks of clinical instruction and provide hands-on patient clinical care at UCLA-operated health facilities and teaching sites was signed by the Governor on July 13, 2012, and it is Chapter 109, Statutes of 2012. This measure becomes effective January 1, 2013.

We will continue to keep you advised.

WTF:RA
MR:IGEA:lm

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants